



Amankwah-Amoah, J., Nyuur, R., & Ifere, S. (2017). A question of top talent? The effects of lateral hiring in two emerging economies. *International Journal of Human Resource Management*, 28(11), 1527-1546. <https://doi.org/10.1080/09585192.2015.1116456>

Peer reviewed version

Link to published version (if available):  
[10.1080/09585192.2015.1116456](https://doi.org/10.1080/09585192.2015.1116456)

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PDF-document

This is the accepted author manuscript (AAM). The final published version (version of record) is available online via Taylor and Francis at <http://dx.doi.org/10.1080/09585192.2015.1116456>. Please refer to any applicable terms of use of the publisher.

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## **A question of top talent? The effects of lateral hiring in two emerging economies**

### **ABSTRACT**

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On the basis of a qualitative study in two emerging economies, we advance the literature on lateral hiring by developing an integrated phase model to explain how the effects of lateral hiring unfold to affect the originating firm and its employees. Our work uncovered two types of effects on the originating firm, i.e. first-order and second-order effects. Our stage model elucidates how the psychological and emotional effects are manifest to affect the existing employees. Personnel poaching appear to have triggered the quest for meaning and attempts by the existing employees to enhance their visibility, career adaptability and marketability. We discuss implications for practice, theory and research on lateral hiring.

**Keywords:** lateral hiring; human capital; poaching; skill formation.

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## **Introduction**

Less than a generation ago, the traditional careers associated with rapid, upward, vertical or downward mobility in a single hierarchy have increasingly been superseded by boundaryless careers that span across multiple organisations in an unpredictable and disorderly manner (Arthur, 1994; Sullivan & Arthur, 2006; Eby, Butts & Lockwood, 2003). This transformational change in the global environment has been accompanied by the abandoning of the traditional concept of long-term employment in return for hard work and loyalty in favour of one where employers and employees are continuously renegotiating their mutual obligations (Economist, 2006; Lam, Ng & Feldman, 2012).

As more organisations and their employees have come to realise that lifetime employment is something of the past (Arthur, Khapova & Wilderom, 2005; Klehe, Zikic, Van Vianen & De Pater, 2011), lateral hiring (LH) has flourished. Lateral hiring, can be defined as “the intentional actions of one employer to identify, contact, solicit, and hire an individual or group of individuals currently employed by another organization” (Gardner, Stansbury & Hart, 2010, p. 343). There has been a significant shift from internal talent development toward personnel poaching as a means of filling the expertise gap in a timely manner (Gardner, 2002; Rao & Drazin, 2002).

Although the concept of LH is hardly new (Lazear, 1986), it has come to characterise the twenty-first century labour market. In spite of growing scholarly research on the subject (see Amankwah-Amoah, 2015 for recent review), scholars have focused mainly on identified factors such as level of education, skills and pay as antecedents to identifying the target and job change in LH (see Tranaes, 2001). Consequently, our understanding of the underlying mechanisms through which the effects of LH unfold to impact on the originating firm and its

employees remains limited. This lack of scholarly works on the issue is unfortunate given that a large number of job moves occur without search, i.e. LH (McDonald, 2005; McDonald & Elder, 2006) as well as the increasing role of human capital accumulation (Singh & Agrawal, 2011; Ployhart & Moliterno, 2011).

Our main purpose in this study is to examine the mechanisms through which the effects of LH unfold to impact on the originating firm and its employees. This issue is particularly important for a number of reasons. First, both the practitioner and academic literature indicate that the ability to repel would-be talent raiders can enhance a firm's competitiveness and ability to out-innovate and outwit its rivals (Gardner, 2002; Groysberg, 2010). Therefore, understanding the issue can help firms in identifying specific rewards systems and type of specific training for employees geared towards deterring LH. In addition, in today's fast changing environment, understanding how the effects of LH unfold can equip firm to better manage the immediate and long-term effects of poaching. In sum, these can help firms to design more effective human resource strategies.

Our study makes two main contributions to the literature on human capital, general turnover and LH. First, we integrate the literature on LH (Guasch & Sobel, 1983) and general turnover (Lam et al., 2012) to develop a phase model of the mechanisms through which the effects unfold to affect current firm and its employees. Second, we further depart from the existing literature by integrating insights on three parties of LH: target employee, current firm and outside firms (Gardner et al., 2010) to elucidate the mechanism through which the effects unfold.

The rest of the paper is organised as follows. In the next section, we review the literature on LH. This is then followed by the examination of the approaches adopted to collect our sample.

We then set out the findings from the study. In the final section we set the agenda for future research.

### **Lateral hiring: Defining the concept**

Lateral hiring can be defined as an unsolicited job offer to interview, which actually leads to job change (Amankwah-Amoah, 2015). It entails the receipt of an unsolicited offer, acceptance and job change. Historically, scholars have used key terms such as poaching, cherry-picking, tapping up, free-riding, lift out and talent raiding to refer to LH (Gardner et al., 2010). The concept is, however, broader than has often been implied.

Recent comprehensive reviews of the literature have identified two main dimensions of LH, i.e. poaching and talent raiding (e.g., Gardner et al., 2010; Amankwah-Amoah, 2015). The luring of an individual employee is referred to as poaching, which differs from the luring of multiple employees referred to as talent raiding or lift out (Debrah et al., 2000; Groysberg et al., 2010). Enticing away key individuals such as star performers enables organisations to access knowledge embedded in rival firms in a timely manner (Groysberg et al., 2008). The team-based dynamics apply where an outside firm (which can be allies, clients or rivals) acquires the knowledge held by a team rather than an individual by luring members away.

Research on the consequences of LH has focused on the spectrum on which the firm is positioned. A central premise of the literature is that the consequences are not confined to the recipient/destination firm, but also the originating firm (Muehlemann & Wolter, 2011). This includes the three parties to LH: target employee, current firm and outside firms (see Gardner et al., 2010). For analytical clarity, outside firm is the firm seeking to fill gap in their organisation by poaching other firms' employees, whereas, the current firm is the employer of the target employee (Amankwah-Amoah, 2015, 2013). Target employee is the worker of the

current firm lured by outside firm (Amankwah-Amoah, 2015). Figure 1 demonstrates the key features of LH.

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### **Literature review**

Past studies have suggested that the historical assumption that luring a highly skilled individual or superstar away from an employer could somehow transform an entire organisation's performance, is far from accurate. There is accumulating evidence which suggests that the lone star is rather a myth (e.g. Groysberg & Abrahams, 2006; Groysberg et al., 2010). Research has shown that hiring individuals without the social networks (i.e. relationships with workers who surround them) is likely to lead to an under-utilisation of their talent and loss of investment by the hiring firm (Groysberg & Abrahams, 2006). More recently, research has attested that, in many industries such as accounting, law, management consulting and advertising agencies, star performers rely on organisational and colleagues' support to enable them to deliver for their organisations (Groysberg, 2010). An organisation may invest a substantial amount of money and array of benefits to lure a superstar away, but such an individual is unlikely to perform if the social network is lacking (De Bettignies & Chemla, 2008) or they fail to understand the organisational processes and culture (Groysberg et al., 2010). The failure by superstars to fit into the new environment may contribute to their subsequent departure.

Accordingly, many organisations have turned to talent raiding rather than cherry-picking in professional-services industries such as engineering and consulting as they have come to realise that the social networks are key pillars of the firm-specific capital that stars lose when they move to new firms (Groysberg & Nanda, 2008). Indeed, higher-order routines required to succeed in new environments are socially complex and reside in the collective, which make it

difficult for rivals to imitate (Coff & Kryscynski, 2011). Consequently, many of these highly skilled personnel or superstars are increasingly departing together with their team members to join rivals (Groysberg & Abrahams, 2006).

A stream of the literature has suggested that acquiring talent from rivals provides an opportunity for the recipient firm to accumulate expertise and fill knowledge gaps in a timely manner (Groysberg, 2010; Clemons & Hitt, 2004; McCannon, 2008). For example, Rao and Drazin (2002) show that poorly connected and young firms enhanced their product innovation by poaching key employees from rivals. This line of research has suggested that luring employed workers from the current firm not only brings human capital to the firm, but also social capital as they move across the firm boundaries (Amankwah-Amoah & Debrah, 2011; Rao & Drazin, 2002). Some studies have suggested that the inflows and outflows may eventually increase the competitive similarity between both the originating and recipient organisations (Boone, Wezel & van Witteloostuijn, 2006).

A central theme in much of this literature is that LH provides a means for firms to strengthen their competitive base whilst concurrently weakening that of rival firms. Broschak (2004) found that losing key personnel in advertising agencies can lead to the dissolution of agency–client ties. This was attributed to the fact that such managers are the principal points of contact in dealing with these agencies and when they exit their firms, ties to exchange partners weaken. As such, exit decreases the survival chances of the originating firms (see Wezel et al., 2006). Wezel et al. (2006) found that Dutch accounting firms were found to be more likely to fail when they lost key personnel to competitors, or when exiting personnel founded competitive start-ups.

Another line of research has suggested that “conferring a lavish salary on a new hire could demoralize that individual’s future co-workers by making them feel undervalued for their past efforts and loyalties” (Groysberg et al., 2010, p. 59).

An emerging body of literature has suggested that employers could actually benefit from employees’ exit if they join client firms. Although LH can inflict financial or competitive damage on rival firms (Groysberg & Abrahams, 2006), it remains unclear how the effects unfold to affect the originating firm and its employees. Surprisingly, the scholars have overlooked how poaching affects the employees of the originating firm (Aime et al., 2010). Our study seeks to address this gap in our understanding.

### **Methods: Research context**

Given the limited empirical literature on LH and on the effects on the originating firm and its employees, a qualitative study was considered appropriate for uncovering and understanding the complexities inherent in personnel poaching (Gardner, 2002). Our objective here was to provide a fine-grained analysis of the underlying dynamics of how LH affects the current firm and its employees. In a sense, we wanted to get behind the “net effect of behavior to the more intricate dynamics producing the effect” (Merton, 1968, p. 153). Indeed, the qualitative approach has been found to be appropriate in studying such job moves and mobility, and in providing the depth of understanding needed (Hanisch, 1999).

In order to further enrich our understanding of LH, we focused on two emerging economies in Africa: Ghana and Nigeria. Both countries are among the fastest growing economies on the continent and have occupied and played unique roles in Africa’s democracy and progress. This sample enables us to further enrich the cross-cultural understanding of the subject. Our sample also included Ghanaian migrants in Nigeria and Nigerian migrants in Ghana to gain a complete



understanding of the issues. In this direction, we employed multiple samples across industries in the two countries to shed light on the issue (see Sackett & Larson, 1990).

### **Selection of informants**

Given the nature of the study, we focused on two types of informants. These informants included human resource executives, functional heads of departments, investment bankers and accountants. The first group included individuals who were poached to their current jobs. The second group included individuals who worked with those poached by outside firms and was chosen to help ascertain the effects on them after the poaching occurred. Our main reason for seeking informants who have been poached or work with poached colleagues was to help provide the depth of understanding of the complexities of the subject and knowledge of the phenomenon.

To reduce potential bias and ensure varied responses, we also sought some informants without prior experience to this phenomenon. We studied these two groups using a theoretical sampling approach (Birkinshaw, Brannen & Tung, 2011; Yin, 2009). We identified the informants through multiple methods including direct approach, networking and the snowballing approach, which have been identified to be particularly effective in such underdeveloped economies and institutional environments (Birkinshaw et al., 2011; Acquaah, 2007).

We sought individuals who were functional heads of departments, human resource managers, general managers and executives in their organisations to explore their experiences of personnel poaching. Our informants' list cut across industries and included mainly highly skilled individuals within the upper echelons of their organisations (see Appendix 1). Two of the authors conducted semi-structured interviews with informants in the two countries. This approach allows issues to be examined in an in-depth manner. The data collection occurred

from 2012 to 2013. This was accompanied with follow-up interviews, phone calls and emails to seek clarification and remove ambiguity from statements.

During the initial stage, one of the authors visited some of the individuals prior to conducting the interviews. The interviews focused on three main areas: experiences prior to the poaching event, the poaching event and the effects of poaching on co-workers. The prior experience focused on their qualifications, level of education, industry level qualifications and how the contacting processes began and the initiation. Then, the interviewer shifted attention towards the poaching events including financial and non-financial incentives offered and what persuaded them to change jobs.

The final section focuses on the effects of poaching on the employees and employers including how poaching has impacted on their role in the workplace, family and relationships with co-workers. We also enquired about the number of phone calls made to the individuals prior to and after poaching. We also gathered data from the archival material such as the emails sent as the first step toward luring the poached individuals. In all, we interviewed 43 informants in both countries. In all, we conducted 20 semi-structured interviews in Ghana (G20) and 23 in Nigeria (N23). Appendix 1 provides details and the background characteristics of the informants and their positions. It also provides an illustrative guide to their experiences of LH.

### **Interviews and data analysis**

Our data analysis replicated the approaches outlined by Miles and Huberman (1984). In this study, where interviews were recorded, they were transcribed verbatim. However, in some cases, the informants objected to being recorded and in those cases field notes were taken. Under such circumstances, we operated according to the “24-hour rule” to help ensure accuracy of our chronology of events (Gioia & Thomas, 1996; Whyte, 1994). We also adhered to the

“24-hour rule” in order to “capitalize on the immediacy of the data” (Gioia & Thomas, 1996, p. 374). We ensured that field notes were transcribed and a chronology of events constructed immediately after each interview (Whyte, 1994). This formed the basis of our analysis. In cases where field notes were taken, they were checked with the informants to help ensure clarity and accurate representations of their views.

Our data analysis and quest to extend our understanding of the issue was guided by replication rather than sampling logic (Yin, 2009). The data analysis began with a detailed coding of the transcripts, and this process yielded a number of categories. We analysed the transcripts’ categorisation and identified common themes and approaches identified by the informants. These themes centred on three areas: (1) the reasons the poached employee accepted the offer, (2) the impact of the poaching on the current organisation, and (3) the impact on the co-workers. Since the data collection was completed by two of the authors, the third author not involved with the data collection, critically examined and challenged the resulting codes and categorisations (Regnér & Edman, 2014). This triangulation was performed to help increase validity and provide confidence in the data (Jick, 1979).

Our analysis also drew insights from internal and external documents such as news reports, newspaper articles, magazine articles, memos and speeches to aid our analysis. These archival records provided the backdrop in helping to construct the chronology of effects prior to poaching and the effects on the existing employees after the exit. We adopted the triangulation approach which entails the use of “multiple reference points to locate an object’s exact position” (Jick, 1979, p. 602). In a nutshell, through continuous analysis, we uncovered distinct features of LH. Below are our key findings.

## **Findings**

Our data indicates that for the poached employees, a number of factors motivated them to accept the poaching organisation's offer to exit their organisation. Accordingly, the sudden job change often provides them with opportunities to earn higher rewards in terms of remuneration, better conditions of service, and recognition for their work and past accomplishments. The reputation of the poaching organisation or the prestige associated with the job title also emerged as driving factors for employees job change in the poaching process. For some the job change enables them to escape a boring and frustrating working environment into a job with the prospects of more exposure and further development for their career advancement. These together accord the poached employee a sense of fulfilment. The quote below exemplified that finance is not the only motive for employees opting to leave and that non-financial factors also play a crucial role this:

*“A colleague accepted an offer ... because he felt frustrated by the mission at where we were working ... this had nothing to do with money.”* (Informant G9)

For the current firms' employees and former colleagues, the reward used to lure the individual often prompts a quest for meaning, and a re-evaluation of their own past accomplishments and contributions to the firm. Moreover, our data lead us to further categorise the consequences of poaching on them into two: first-order and second-order effects. We also uncovered a phase model for the evolution of LH effects. These are presented and discussed below.

### **First-order effects on the originating firm**

The first-order effects are the immediate disruptions caused by the sudden loss of key employees to the potential rival or allies. An unexpected loss of key personnel often disrupts decisions and the operational flow of activities. This is particularly so when the poached

employee is talented, well trained and efficient, doing multiple duties or handling core functions within the organisation. The departure of such a key employee also increases the workload and stress levels of former colleagues. Co-workers find it difficult to adjust to the exit as they take on extra responsibilities in order to minimise the effect of the exit on the organisation. The quote below helps to illustrate this point:

*“Some colleagues who left ‘in peace’ (by handing resignation letters and notes to other workers) ... Those who left without management’s blessings caused havoc and created unbearable problems for us. My workload doubled overnight ... some had to be called back again and again to help deal with issues such as locating case files ... we had very interdependent work routines.” (Informant G20)*

On this issue, one informant noted:

*“In March, one of my team leaders exited to join another mission. As soon as he left we experienced an increased workload for the team members because they had to take care of work of the departed colleagues.” (Informant G9)*

As informant G11 pointed out:

*“You see the main effect was the temporal ‘gap’ created which meant that some staff had to take on extra responsibilities ... we also experienced delays in the work progress since staff left in a ‘rush’ ... when another financial institution poached a colleague of mine. He couldn’t wait to give the one-month notice but decided to pay our company his one-month salary (which is acceptable anyway) ... This colleague had a number of clients’ applications he was handling but left without completing*

*them. Someone had to take on the extra responsibility of catering for those clients. In the end, we lost them because we could not meet the deadlines.”*

Another informant talks of the disruption to the daily operations of the businesses and interruption of functional activities:

*“The company had to call the exited employee back to train some employees to manage his duties since the company was not prepared adequately for the exits. Although he sent a resignation letter two months in advance, the company still had to call for his support.”* (Informant G12)

At the personal level, the departure triggers a feeling of dissatisfaction and lack of recognition for their work and dissatisfaction with their past own accomplishments. Another informant asserted:

*“We have had staff being poached from our bank ... My earliest memory was with an insurance company where most of the operational staff and high-performing agents were poached by our ex-executive ... It was a time of great uncertainty as the rogue executive kept coming back for the good people; especially those who were aggrieved by one situation or the other and nearly crippled the operation of the firm.”* (Informant G19)

For some of the informants, poaching felt like job loss. This not only altered the normal working conditions and workgroup ties, it also promoted a feeling of betrayal. This feeling of betrayal was largely experienced by the two HR managers in the two countries who argued that seeking the greener pastures appeared to contradict the individuals’ prior statements before the exit. As one manager (G15) noted:

*“It came out of the blue ... he said this was a place for him and then within two weeks he working for them (rival company).”*

During this early stage, some of the effects of the exit begin to unfold. These include disruption to the daily operations of the businesses and interruption of functional activities as the firm begins to seek to replace the individual or replaced the individual with someone yet to fit into the routines and process of the organisation.

*“The experience was so sudden and I felt so sad to be leaving the job ... I wish it had not happened. The former colleagues also felt so sad ... it is not worth recounting the story.”* (Informant N22)

The first-order effects further include the immediate attempts by the firms to minimise the negative effects of the exits on their operational efficiency. Such efforts include recruiting temps to help alleviate the workload, offering overtime and increasing the hours of existing workers.

### **Second-order effects on the originating firm**

The second-order effects are the long-term consequences of the exit, which can be mitigated through intermediate actions to avert the effects on the individual and their organisations. Some of these second-order effects include the difficulty in returning to optimum efficient operational levels, festering dissatisfaction among employees, difficulty in meeting deadlines, and in some cases the loss of valuable clients. These effects invariably tend to impact the overall performance of the firm. To mitigate these effects during this period, the current firm takes action to reduce employees' workload. Some of these actions involve sharing the poached employee's duties to former co-workers, bringing in additional staff, and redesigning routines. As one HR operations manager noted:

*“Two months after we lost the first staff, I was able to share all his workload with colleagues ... it became difficult after the second employee was poached.”*

Although the exited employees were eventually replaced, it often transpired that the vacuum was often simply too big to be filled by the new recruit. Some of the companies had to call on the poached employee for his/her help to train some employees to be able to manage his/her duties. Some of the individuals noted that there was no effective mechanism within their workplace to cope with the departure and bring normalcy to the workplace. As one informant noted:

*“After the exit, workload and processing of client details increased ... with little help from above ... Some see it as normal and an order of the day ... if the poaching is done by a competing firm it becomes a form of betrayal on the part of that staff.”* (Informant G20)

### **Phase model of the evolution of lateral hiring effects**

Our data analysis led to identification of three distinct stages through which the effects of LH are manifest on current employees, i.e. “shock to the system”, “coming to terms” and “marketability and visibility” phase. Each of the periods shed light on a range of psychological and behavioural effects. It also presents a negative and stressful event which is manifest in the phases.

#### **Phase 1: “Shock to the system” phase**

In this section, we borrow the term “shock to the system” (Lee and Mitchell, 1994; Lee et al., 1999) to help us to illustrate how the initial effects of LH on current employees unfolded. This period is broadly seen as the immediate effects phase, where the effects of the loss begin to unfold with varying consequences for the current firm and its employees.



Our data indicate that immediately after the former colleagues' exit, increased workloads, pressures to do more with less, feeling of under-appreciation and decreased self-esteem are some of the experiences of the employees. This phase commences with some kind of "shock to the system" where the individual begins to recognise or become more aware of their current position relative to the poached colleagues. **The shock then prompts employees' re-evaluations of their skills relative to the poached colleague.** By uncovering the high rewards and money used to lure the individual, they begin to question their role within the current organisation. As one informant noted:

*"It was the money that made me think ... I asked myself, what am I doing here, if they are not going to reward me?"*

The "shock to the system" triggers employees' re-evaluation of the current job and contributions to their organisations leading to some level of dissatisfaction with the current position and progress, leading to the career adaptability response. Similarly, another informant noted:

*"It made the others sit up and take notice of this around them ... there was a feeling of making good relationship after my exit."* (Informant N6)

There is some kind of perceived "deprivation" that stems from comparing their current pay and position with those expected to be received by the exiting employee. The comparison appears to have led to some kind of negative evaluation of the current job and associated benefits. The psychological distress stems from a largely sudden increase in the workload of the employees. The quotes below help to illustrate these points:

*“It decreased the morale of other workers, made them feel dissatisfied with conditions of service because they thought, if not for that, their colleague would not have given in to the offer.”* (Informant G20)

*“The rewards and benefit that came with the package was a shock to me ... I felt under appreciated.”* (Informant G12)

Table 1 provides insights into the key dimensions of these effects and illustrative quotes support the key findings.

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One of the most notable differences was the role played by the rank of the poached employee on others. Higher-ranked employees generated little or no resentment from lower-ranked employees. For some (e.g. G6 and G7), the loss of lower-ranked individuals to a prestigious firm felt like a “downward mobility” or “demotion” in their own career or position. The “promotion” of junior staff to a leading firm appears to have triggered a sense-making leading to the conclusion that their current jobs suddenly become a lower rank in their eyes relative to the new post secured by the former colleague.

Another explanation for this was that the sudden upward trajectory of the individual was seen as a poor reflection of the progression and promotions procedures in the current firm. However, lower-ranked employees’ exit for prestigious posts with higher rewards appears to trigger some kind of resentment from the former employees. It is worth noting that in all cases these were not potent enough to sever ties. The following quotes help to illustrate this point:

*“On a personal level, I keep contact with most of them, through email and the telephone. Even in my capacity as an HR person, I still keep in touch as I believe exiting staff are not necessarily traitors. Some staff even request to come back after they have accepted the offer to work with another firm.”* (Informant G19)

*“Yes! I maintained contacted through social networking both in person and through social media.”* (Informant G 20)

Based on the above arguments, we propose:

**Proposition 1.** The loss of a key individual in a workgroup will have a large negative effect on the overall performance of the team as a whole.

### **Phase 2: “Coming to terms” – work stress, strain and career adaptability**

Following the exit of former colleagues, the current employees begin to question their own career trajectory. During this phase, there appears to be a feeling of under-appreciation of their contribution to the business. For the employees under financial stress, poaching and the associated rewards for the departed employees appears to amplify their problems and make them more aware and alert to their current predicaments. This quest for meaning often leads to them taking measures to increase their chances of receiving high pay. These include emphasising the story of the exited colleagues and their level of rewards to their boss to alert them to the possibility of their own exit. As one informant noted:

*“Some of the existing employees were excited because they thought management will sit up to improve remuneration after the others had been poached ... Others were happy because of the opportunities that will come their way to be promoted into such roles.”*  
(Informant G15)

In essence, such sudden change of events in their workplace appears to provide a clue about their level of skills and expectation of outsider firms. This period prompts a quest for meaning. Prior to poaching, job insecurity and lack of awareness of the alternative job offers appeared to have “blinded” the informants to the alternatives and from engaging in any effective career planning. Once poaching occurs in the workplace, it appears to trigger and lead to career planning activities by the informants, as they seek to not only improve their prospect of being contacted and hired in the future, but also to earn higher rewards for their work.

They undertake some kind of an environmental exploration which entails investigating “various career options by proactively collecting information on jobs, organisations, occupations or industries that allow more informed career decisions” (Zikic & Klehe, 2006, p. 393). This is a self-assessment period, where the individuals identify areas where they need to improve and areas where they need to upgrade their skills and expertise. This is often more potent when a junior or senior member is poached from a small team. The close working relationship appears to provide the conditions for this kind of feeling to flourish. The current employees take actions or steps towards improving their career trajectory, as informant G12 noted:

*“When I came to the office after a long holiday to find out that he has been poached, I began working on my CV... I also started new training courses.”*

These actions are some kind of problem-focused and emotion-focused coping strategies (Folkman & Lazarus, 1980) employed by the individual to deal with the change in workgroup ties. The problem-focused strategies entail attempts made by the individual to take constructive actions to respond to the colleagues’ exit. However, the emotion-focused coping strategies refer to efforts made by the individuals to normalise the emotional response to the exit by former

colleagues. This phase entails a range of responses by the individuals to cope with the situation. Based on the above observations, we propose the following:

**Proposition 2.** Individuals' ability to focus on personal development rather than dissatisfaction of current status after others' exit is positively associated with future LH success.

### **Phase 3: Marketability and visibility phase**

Our fieldwork indicates that the employees appeared to employ a wide array of coping mechanisms as the effects of LH unfold leading to self-initiated career planning. These include examination of current position and exploration of various career options leading to actions geared toward enhancing their visibility to outside firms. The luring of a particular individual appears to have motivated the current employees to begin to steer their careers on an upward trajectory. For this group, when senior members of staff exit, there appears to be no action to shape their career. However, this quickly changes when junior members of staff are lured. As one informant (G4) with no prior experience of being poached noted:

*“The reward she received was far beyond by expectation ... so I started taking new courses to improve my prospects in the future.”*

For these groups, visibility stems from media exposure by increasing the quality of their education and public appearance.

Our fieldwork uncovered that poaching appears to have been seen as a sign of the individual's visibility and therefore they should take steps to improve their chances of being seen and lured by outside firms. Some have taken new management degrees and public administration courses to improve their skills as well as alerting firms working with the universities of their presence

and availability. There is a self-generated pressure to perform and improve their profile to make them more visible to outside firms.

For colleagues on the same level of rank, there appears to be a sense of dissatisfaction with their accomplishments and achievements. They also begin to question whether they have made enough progress in their organisation or have been overlooked by talent brokers. The individuals begin to use their network of contacts to alert others to their availability and willingness to switch employers. Attention is then drawn to their availability and willingness to accept outside encroachment. One informant (G1) noted the following after his exit:

*“My employers weren’t very happy with my decision and it has put some strain on our relationship ... my former co-workers became more motivated to move on to greener pastures ... it was not a shock to me because the pay was not good and the working conditions terrible.”*

Organisations provide the foundation and enabling environment for employees to develop their skills and improve their marketability. This is a career-planning phase where the current employees outline plans geared towards their future career developments and new career goals to improve their visibility. Based on the above reasoning, we propose:

**Proposition 3.** Individuals who are able to gain higher visibility for their work after co-workers’ poaching are more likely to also be poached.

Our findings yielded important insights on the subject which resulted in the development of Figure 2. The figure presents an integrative framework of LH effects on the current firm’s employees. The integrated model presented here entails individual and organisation-specific factors that contribute to and moderate how LH effects unfold.

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### **Discussion and conclusion**

The study sought to examine the effects of LH on the originating firm and its employees. In so doing, we articulate the mechanisms through which the effects are manifest onto others (i.e. current employees of the originating firm). Our work uncovered two types of effects on the originating firm, i.e. the first-order and second-order effects. Organisations' ability to mitigate the first-order effects are constrained by the sudden and unexpected nature of the event, and the limited time and resources' constraints. The second-order effects appear to pose limited problems to the organisations. We uncovered that the effects on former employees are manifest in phases reflecting sense-making, job anxiety, under-appreciation of past accomplishments and dissatisfaction with current status, which interact to impact on the work and their ability to make an effective contribution to their firms.

Taken together, these findings suggest that there are three phases: the "shock to the system", "coming to terms" and "marketability and visibility". The shock to the system is manifest in terms of lack of recognition of their contribution to the firm. The phases shed light on elements of problem-solving, dissatisfaction of current status and emotion-regulating activities which are triggered by the exit of former colleagues. Our findings suggest current firms' employees all appear to maintain ties with the poached employees even when they join rival firms

### **Contributions to theory**

Our study makes two main contributions to the literature on LH. First, although a large number of people are connected to jobs without searching (Marsden & Gorman, 2001; Böckerman, Ilmakunnas, Jokisaari & Vuori, 2013), past studies have largely overlooked how LH impacts on the originating firms' employees (Fee & Hadlock, 2003). By conceptualising the literature

and developing a phase model, our work enriches our understanding of the underlining mechanisms through which the effects of poaching unfold to affect the employees and the originating firm. In so doing, we respond to the recent call by Gardner et al. (2010) to explore these complexities to enrich our understanding of the subject.

Another key theoretical contribution lies in integrating the general mobility and LH literature to illuminate our understanding of non-job search effects. Despite the burgeoning interest in LH, studies of the consequences have focused mainly on the effects on the recipient/destination and originating firm (Bernhardt & Scoones, 1993; Gardner et al., 2010) and thereby leaving the effects on the employees largely unexplored. This study helps to fill this gap in our understanding as well as represents a shift from the overwhelming streams of research on job search and job-search strategies (Saks, 2006; Drenzo & Greenhaus, 2011).

Our findings also lend support to the suggestion that social support and workplace support provide a favourable environment for buffering current employees from the impact of psychosocial stress, turnover and poaching of former colleagues (House & Wells, 1978).

### **Contributions to practice**

Our findings suggest a number of important implications for practice. First, our findings suggest that employees tend to self-evaluate their achievements and self-manage their images and careers after colleagues have been poached. This process can lead to job dissatisfaction, under-appreciation and self-defeating behaviours. Therefore, there is a need for organisations to tailor their strategies towards dealing with such post-LH behaviour/effects. There is a need for organisations to provide some kind of post-poaching support system that recognises and rewards existing employees in order to avoid poaching (an individual) becoming talent raid (a whole team).



In addition, there is also a need for companies to offer more career options and progression ladders to not only stave off poachers, but also help to improve employees' satisfaction and overall contribution to their firms. Furthermore, the findings also suggest that organisations need to re-deploy their resources in such a way to alert them to changes in their environment to be able to anticipate and mitigate poaching of their talented employees.

More importantly, there is a need to offer emotional support to fill the expertise and support gap left by the departed employees. Although retaining existing employees is essential for success in many industries, attempting to retain them at all cost could be a fruitless exercise leading to an unhappy workforce. The question for employers is not only confined to how to stop this flow, but crucially how to manage the flow by cultivating networks and ties with former employees to gain new businesses and opportunities in the future.

### **Limitations and directions for future research**

The generalisability of our study is limited by a number of factors. First, our data comes from only two emerging countries and therefore might not be generalised to other institutional settings. The two sub-Saharan African countries have unique cultural traditions, attitudes and behaviours which influence how LH is initiated and perceived. Therefore, the effects on individuals may differ.

In addition, our study presents only a partial picture of LH by focusing on employees in the current firm. Future studies could follow our study by examining the three other cells of our conceptualisation of the effects of LH, which have not been fully explored here. Much of the existing literature has examined the effects of employees' mobility exclusively from the perspective of the hiring firm, overlooking the experiences of recipient firms. This opens up a

promising avenue for future research to explore the effect of LH on the recipient firm and assess whether the anticipated benefits are ever accrued.

Research is also needed to determine the specific strategies and higher-order routines recipient firms acquire when they recruit from rivals, and the extent to which such employees stay with the employer or also become a target for another firm. As more organisations have been increasingly concerned about the risk of losing the knowledge and investment through personnel poaching, there is a need for future research to examine the role of market intermediaries in LH. In closing, we hope that this paper goes a long way in illuminating our understanding of the effects of LH.

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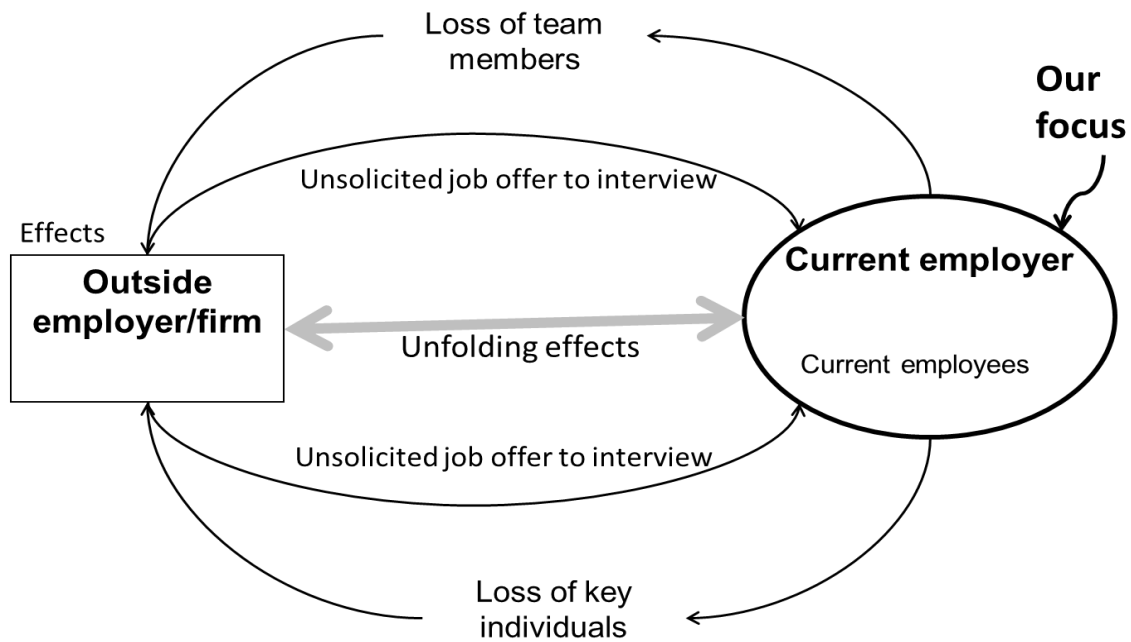
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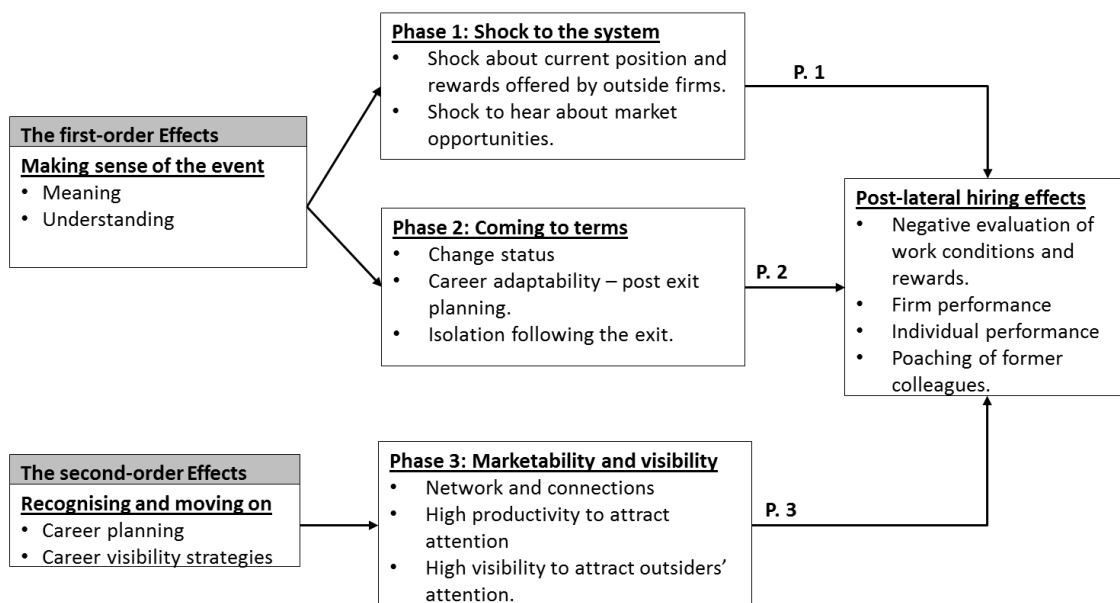
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**Figure 1: A framework of lateral hiring and key features**



**Figure 2: An integrative lateral hiring effects model**



**Table 1. Summary of evolution of the motional effects of poaching**

Dimensions	Exemplary quotation
<i>Phase 1: Shock to the system phase</i>	<ul style="list-style-type: none"><li>• “The rewards and benefit that came with the package was a shock to me ... I felt under appreciated.” (Informant G12)</li><li>• “It was the money that made me think ... I asked myself, what am I doing here, if they are not going to reward me?”</li></ul>
<i>Phase 2: “Coming to terms” – work stress, strain and career adaptability</i>	<ul style="list-style-type: none"><li>• “Well, we had some of my key credit officers poached ... this made us (colleagues) realise that we needed to make noise ... We started murmuring about their benefits that it had to be beefed up ... it was eventually communicated to management accordingly.” (Informant G4)</li><li>• “For colleagues there were lots of questions being asked to ascertain why the staff left ... It did not really have a negative effect but rather created another opportunity for others to fill up the vacant space. (Informant G5)</li><li>• “When the staff left, I became agitate for better conditions ... ” (Informant G19)</li></ul>
<i>Phase 3: Marketability and visibility phase</i>	<ul style="list-style-type: none"><li>• “Other co-workers became motivated to also move on”. (Informant G1)</li><li>• “So I started taking new courses to improve my prospects in the future.” (Informant G15)</li><li>• “My employers weren’t very happy with my decision and it has put some strain on our relationship.” (Informant G1)</li></ul>

## Appendix 1: The list of the informants

Country of focus	Informant ID	Position at the time of first interview	The informant has been poached in the past: Yes or No	The informant has worked with colleagues who were subsequently poached: Yes or No	The informant forged ties with the poached employee after his/her exit: Yes or No
Nigeria sample	N1	Accounting executive	No	No	Yes
	N2	Heads of accounts and finance	Yes	Yes	Yes
	N3	Line manager	No	No	Yes
	N4	Financial reporting	No	Yes	Yes
	N5	Senior accountant	No	Yes	Yes
	N6	Hotel manager	Yes- contacted by MD	No	Yes
	N7	Banking-public sector marketing executive	No	Yes	Yes
	N8	Funds manager	Yes	Yes	Yes
	N9	Investment banker	Yes	Yes	Yes
	N10	Medical officers	Yes	Yes	Yes
	N11	Accountant	No	Yes	Yes
	N12	Procurement and logistic manager	Yes	Yes	Yes
	N13	Financial officer	Yes	No	Yes
	N14	Corporate officer audits	No	No	Yes
	N15	Client officers	Yes	yes	Yes
	N16	Investment banking	Yes	Yes	Yes
	N17	ICT-Delivery	No	Yes	Yes
	N18	Sales and operations	No	Yes	Yes
	N19	Planning officer	No	Yes	Yes
	N20	Secretary general	Yes	Yes	Yes
	N21	Customer service executive	Yes	Yes	Yes
	N22	Fund transfer	Yes		Yes
	N23	Medical practitioner	Yes	Yes	Yes
Ghana sample	G1	Bank executive	Yes	Yes	Yes
	G2	Relationship manager	No	Yes	Yes
	G3	Audit officer	No	Yes	Yes
	G4	Branch manager	No	Yes	Yes
	G5	Branch manager	No	Yes	Yes
	G6	Client/relationship officer	Yes	Yes	Yes
	G7	Line manager	Yes	Yes	Yes
	G8	Head legal/ board secretary Ghana standards authority	Yes	Yes	Yes
	G9	Chief contingent owned equipment officer	Yes	Yes	Yes
	G10	Trade information	Yes	Yes	Yes
	G11	Credit / relationship officer	Yes	Yes	Yes



	G12	CEO- network marketing and HRM Consulting	No	Yes	Yes
	G13	Front office manager	Yes	No	Yes
	G14	Business operations manager	No	Yes	Yes
	G15	Resourcing & talent delivery manager	Yes	Yes	Yes
	G16	Operations manager	Yes	Yes	Yes
	G17	Customs Division Of Ghana Revenue Authority	No	Yes	Yes
	G18	Distribution manager	No	Yes	Yes
	G19	HR operations manager	Undisclosed	Yes	Yes
	G20	Senior manager	Yes	Yes	No

- Codes for the categories are as follows: Yes indicates positive response. No indicates negative response.